

"The Dollar Is King To-day"

The Director of the United States Mint Writes That Come What May To-morrow, Just Now the Dollar Exchange Is a Reality —Explains Next Problem How to Re- tain Our Financial Supremacy.



Robert Wickliffe Woolley, Director of the United States Mint,
Who Says America Is Now the Creditor
Among Nations.

By Robert Wickliffe Woolley,
Director of the U. S. Mint.

ONE day recently I stood in the melting room of the New York Assay Office and watched men black with grime, sweat springing from every pore, their hands and bodies protected by asbestos gloves and aprons, scooping up British sovereigns as they would so many bits of coal and dumping them into white hot crucibles. Pot after pot was filled. In a short while the melts were finished, the liquid gold was poured into rectangular moulds, and then more sovereigns—millions of them before the task was done—were wheeled in on trucks from the weighing room, all to meet the same fate.

A fortnight before there had been a similar scene in this big room, but the coins melted were Japanese yen—also by the million. I looked over the records and saw that since January 1 last the German mark, the Austrian kronen, the French franc, the Spanish peso

and doubloon, coins of practically every civilized nation—more millions—had been converted into bars at our mints and assay offices and added to Uncle Sam's money stock. In the same period not a gold dollar of the United States, except in cases of defective or lightweight coins, found its way into the melting pot of any government in the world.

Why? Because, come what may to-morrow, the dollar is king to-day. The world is selling us many things, but is buying from us many more and in greater volume, and the net balance has to be settled for in our money or in checks calling for our money. Yesterday the big bills of the world were drawn in pounds sterling on London; to-day they are being drawn in dollars on New York. Our advantage is more than \$1,000,000,000, and it has been increasing at such a pace that treasure ships could not bring gold fast enough from the storehouses of the Old World to prevent the rate of exchange from being abnormally in our favor.

Yet in the first weeks of the war we sent abroad \$55,000,000 in American gold coin and bars, every dollar of which has returned. New York City borrowed \$80,000,000 in gold and paid indebtedness to that amount due in London and Paris on January 1, 1915, and when other foreign creditors showed signs of uneasiness our bankers formed a \$100,000,000 gold pool to show that there was ample gold ready to be exported if necessary.

DOLLAR EXCHANGE A REALITY.

Dollar exchange was but a rainbow a few months ago; to-day it is a reality, which causes the financiers of more than one country apprehension and our own financiers much thought as to how it shall be made permanent. It is the bag of gold at the end of the rainbow come true; the good fairy will take it from us if we do not earnestly conserve it.

The farmer—the producer of cotton and wool and grains and meats—has been the dominating factor in securing for us the \$1,000,000,000 balance of trade, and he bids fair to play a leading part in clinching it, though the manufacturer, especially of munitions, doubtless will overshadow him in the end if the great war continues much longer or if an armed peace is negotiated. Record productivity per acre, increased arable acreage, studious application to the creation of wealth at a time when the Old World is apparently hastening to economic ruin have forced to be sent to us the hoardings of a thousand Cæsars—Yankee securities to resell to us and their gold—and then have brought two of the great belligerents to our shores, demanding that we buy their paper with dollars in order that they may leave every dollar in our banks to pay for our mill products and our foodstuffs, which they need in ever increasing quantities.

Now, it is because dollar exchange is for the present a reality that all of these foreign gold coins come to us. They are sent here to pay for products exported from our shores, but as Uncle Sam accepts neither the stamp nor the assay of any other nation on a coin, and as that coin does not pass current in the United States, the bank or individual receiving it has first to exchange it for its equivalent in lawful money of this country before he can know its exact purchasing power or use it to full advantage. I should add that foreign gold money

is melted also because if weighed as received all dirt or other foreign substances adhering to the coins would be paid for at \$20.67 an ounce, the price of gold the world over. This dirt disappears in the melting and only the molten gold goes into the forms.

AMERICA NOW THE CREDITOR.

The process of conversion is simple. A bank or banking firm in New York or San Francisco receives a consignment of foreign gold coin by express from a correspondent in Canada or by steamer from a correspondent in Europe or the Orient. It is deposited at the New York Assay Office or at the San Francisco Mint and melted, its weight and fineness are ascertained and the superintendent of the mint or assay office gives the depositor a check on the Treasurer of the United States for the exact value in dollars and cents of the pure gold contents of the resulting bar or bars. If payment in American gold coin is preferred it is so made. The amount paid for this deposit of foreign coin goes into circulation, and our media of exchange are added to just that much.

American bankers and representatives of the governments of Great Britain and France are now endeavoring to arrange a gigantic credit for the purpose of stabilizing foreign exchange. It would be in the form of a loan, payable in dollars, every one of which would remain on deposit in our banks and all of which would be paid back to us for our wares. No financial proposal of any period has caused such an international stir; none has been more praised or censured. The feeling abroad is that exchange must be bolstered in New York. This credit—principal and interest—would be payable in dollars because in the matter of floating obligations Great Britain, so long the creditor nation of the world, and whose wharves at London and Liverpool have been the marts of merchantmen from every sea and every port, has become a debtor nation, and because every other nation of importance in Europe is in like sense a debtor nation, and the great creditor nation is the United States. That is why when a merchant in Australia buys a \$10,000 consignment of goods in Boston the draft for payment is now drawn in dollars on New York. The credit is there. Formerly it was in pounds sterling and drawn



Isaac F. Marcossan, Writer on Finance, Tells of Labor's Default in Patriotism and of the Certainty of Conscription in England.

on London because the credit was there. Of course, it should be borne in mind that approximately \$3,000,000,000 of our securities are still held abroad and that we pay several hundreds of millions a year to foreign insurance companies. On the other hand, since the war began \$257,000,000 of American capital has been invested in foreign securities.

THE ADVANTAGE OF A DOLLAR STANDARD

It may be interesting to the average reader to have defined just what foreign exchange means, its operations and the advantage of having the dollar the world's standard coin. Here is an excellent explanation which recently appeared in a leading financial newspaper:

"A check on a New York bank, which is an order to pay a specified amount of gold at sight, will buy or exchange for a similar order on a first class London bank, yielding an additional 2 per cent of gold. For example, a

check on a New York bank for \$4,761½ is its authority to pay 110.6433 grains of gold, as the weight of a dollar is 23.22 grains of gold. A check on a London bank for £1 is its authority to pay 113.001 grains of gold, as the weight of the pound sterling is 113.001 grains.

"Accordingly, when sterling exchange or checks on London banks are quoted in New York at \$4.76½ in the pound sterling the meaning is that the New York bank's instruction to pay 110.6433 grains of gold in New York is exchangeable for the London bank's instruction to pay 113.001 grains of gold in London. In terms of American currency sterling is under those circumstances at a discount of 2.08 per cent; and, conversely, in terms of the British currency the dollar is at a premium of 2.13 per cent. If both orders to pay exchange for each other on a par—that is, for equal amounts of gold—a London check for £1 would buy an American check for \$4.8665, since one pound

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Labor Only Has Been Unpatriotic in England

Isaac F. Marcossan, Expert on Finance, Sees Conscription as Inevitable There—Lauds British Women.

By Edward Alden Jewell.

ISAAC F. MARCOSSAN, historian of big business, Boswell of the "criminal rich," specialist in millionaires, has come home from Europe with the peculiar glitter of war in his eyes. This does not mean that Mr. Marcossan has come home in a fighting mood. It means rather the reverse. But the glitter is there. It is the optic tone of Europe to-day.

Fresh from a two months' residence in London, where he has been collecting material for the English chapters of the "Life of Charles Frohman," now running in "The Cosmopolitan Magazine," as well as making a close study of present financial and industrial aspects on the other side, Mr. Marcossan has brought home a very vivid picture of the times. He speaks with the authority of a man who has spent intelligent years appraising events. Probably no writer to-day is better equipped to study men and money.

The first question I asked was: What about conscription? "Conscription?" he repeated, in the manner of one who focuses down his vision from larger issues.

"Yes, America is watching with a great deal of interest to see whether England will eventually come to that. Do you think conscription likely?"

Mr. Marcossan paced up and down the drawing room of his very interesting apartment in Twenty-fifth Street. He stepped energetically, yet thoughtfully.

"Wait a minute," he invited. "I want to answer your question after preparing the way a little. Conscription? Yes, conscription will come. But I want to show why it is inevitable."

"What I was most anxious to do upon reaching London was to examine into England's financial condition. I talked with Lloyd George, with Reginald McKenna, who succeeded Lloyd George as Chancellor of the Exchequer, and with many of the most prominent bankers and industrial leaders of the country. They met me, one and all, in a very intimate and human way. In fact, they appeared quite as much interested in what I had to tell them of American affairs as I was to obtain their views on contemporary British life. I found the great moneyed men of England just as I had always found the great

moneyed men of the United States, and like all men of big calibre, very simple, very accessible, very gracious.

"And I found English finance—far from being in a state of war-time alarm—reflecting an organized efficiency that can mean only one thing: victory, no matter what the cost—even the new and stupendous Budget. The financial situation in England to-day embodies a spirit of sacrifice, a feeling of 'money no object'—a stimulating and inspiring thing, I assure you.

"One conspicuous feature in England to-day is the fact that practically all the people are financially interested in the war. Never before has a war loan been so widely subscribed by the great mass of the population as has the now famous £600,000,000 loan. I firmly believe that if England were called upon to subscribe another huge war loan to-morrow it would be met with the same unflinching courage and patriotic response as was the last.

"I used to wonder if the average English workingman would ever imitate his brother, the French peasant, who is the thriftiest person on earth, and who begins to save as soon as he begins to earn. The first thing a French peasant buys for investment is a government bond. This accomplishes two big things: It shows him the value of making his money work, and it makes him a partner with the government.

"Now, the English workingman, thanks to this war loan, is doing the same thing. He has been able to buy shares of this loan in very small denominations—from 5 shillings up, to be exact. This transaction makes him a more intelligent, a more useful citizen. And it gives him, just now, aside from having a brother or a son in the army, a peculiar and intimate interest in the war. He is paying a part of the expenses, however small that part may be.

"The general financial and industrial situation in England is amazingly sound, when you consider the steady drain on the resources of the country. The banks have lots of money, and it is cheap.

"I think no man can go to England to-day and fail to be impressed by the mobilization of its industry for war. Thanks to Lloyd George and his newly created Ministry of Munitions, a census of the capacity of British

industry has been made. The government knows to-day the location of every scrap of mined metal in England, the output down to an inch, almost, of every foundry and factory, and can tell you to a pound the extent of available material of all kinds.

"Now I come to your question. This mobilization of which I have spoken and which is so manifest in every department of British affairs to-day, this wonderful mobilization of money and resources, must inevitably be followed by conscription."

"You mean by that," I asked, "that conscription will actually come, and is not merely the logical outcome to be deducted?"

The man who first "made Wall Street talk" replied with great emphasis: "I had it on the highest authority before I left England that conscription would positively be adopted. This does not mean that England is in the last ditch, or that it is a very desperate measure in a very desperate hour. But it means that along with the mobilization of industry and finance England must now mobilize her men. Of course men are, in the end, the most vital resource.

"There are many people in England to-day who believe that conscription should have come at the beginning of the war, or even before that. The point is made, and by men high in public life, that if England had established conscription years ago the Kaiser never would have invaded Belgium. He would have known that England could at once send out a vast army to meet him."

"Mr. Marcossan," I asked at this point, "just what will be the value of conscription?" He had been peering restlessly out of the window, but turned and began pacing again in his odd, Rooseveltian manner.

"What will conscription mean? Simply this: It will put an end to indiscriminate recruiting of trained workers who might be employed at home in manufacturing arms. But it will have an even greater significance than that. It will retain in England the nucleus of the industrial army which must conserve and develop business after the war."

"On this side, Mr. Marcossan, we hear that there is a great deal of opposition to the conscription idea over there. Did you encounter this spirit during your residence in England?" He paused and sat down.

"I found much opposition to conscription, yes. Union labor, for example, is a unit against it." Then he was again dynamically on his feet, and speaking with a great fire of earnestness. "The one unpatriotic note struck in England since the outbreak of the war has been struck by labor. It would be hard to find a more conspicuous lack of patriotic feeling than was expressed by the Welsh miners in that long succession of coal strikes.

"Of course there is a question in some quarters of England as to whether conscription has been too long delayed. Soldiers who volunteered at the beginning of the war, many making great sacrifices to do so, are unwilling now to be put in the same class with conscripts—men forced to go out in the defence of their country. However, this really amounts to but one phase of a big question. All things considered, I believe it is the general sentiment in England that while conscription may be a drastic and in some regards a regrettable step, it is yet the one way to meet a great emergency and guarantee a quicker and more lasting peace."

"How do you think conscription will be received in England?"

"How will it be received? So far as I have been able to observe, it will be met with the same spirit which has animated all the mighty sacrifices of the war."

"Then in your opinion the menace, the grave-sounding threats of revolt, etc., have been exaggerated?"

"Undoubtedly. But let us go back a moment. When the so-called social programme was announced to England—really a form of compulsory savings—murmurs of revolt were heard on all sides. You heard people all over England saying: 'We won't lick stamps for Lloyd George.' But what happened? Lloyd George put his great programme through. And to-day—to-day all are very glad indeed to lick stamps, because licking stamps for Lloyd George has meant the best piece of practical philanthropy and compulsory thrift that England has ever known.

"Now, conscription, which means sacrifice of body, of human life perhaps, is much more serious business. But despite the undeniable hostility of labor organizations, despite sporadic outbreaks of sundry sorts, the conviction rests firm that compulsory service will go into effect without disastrous friction."

"History has always shown," he said, "that one of the greatest stumbling blocks to any nation's conservation in times of national peril has been the foolhardiness of some branch or other of Union Labor. The men themselves in England—and the same thing has obtained always in America—are the real culprits. It is the leadership of Union Labor upon which the responsibility for its excesses and mistakes ought to be fixed."

Another aspect of conscription was touched. "Mr. Marcossan," I said, "will the loan which the Anglo-French mission has been trying to negotiate in this country have any effect whatever upon the matter of conscription? Might it, for one thing, retard such a step?"

"No," he answered decidedly. "The loan could have no effect whatever. There is no connection between finance and fighting. Conscription, in the larger sense, is a matter of men entirely. The conscription, so far as money is concerned, is being and will continue to be waged on a large scale by taxation."

To the question: "What is the biggest external change in English industrial life?" Mr. Marcossan did not hesitate to make the following reply:

"First and foremost, the extraordinary number of women and girls found at work of one sort or another. To a most astonishing degree have women been able to take up the work of men. They have become ticket-takers and inspectors at railroad stations. There are women running the elevators in all the big shops. The person who opens your taxi door is a smartly dressed little foot-woman. Women have even succeeded men as clerks in the great, dignified banks—a very remarkable innovation. Girls deliver bundles. They are succeeding boys as messengers.

"Now, of course, the great question is: How permanent is this supplanting of men by women likely to be? It is the feeling in England that the women have come to stay. And it is a sentiment shared by the men. It is a fact that the rank and file of British manhood will be so fearfully decimated by the war that, wanted or not, women must take their place in the money-making machine.

"It is surprising how few idle women there are in England to-day," he continued. "War has stirred the British conscience as it never

has been moved before. The right honorable ladies are nursing wounded men, making bandages, collecting food supplies, succoring distress—and shoulder to shoulder with them are working their humbler sisters. There is no caste in mercy. It is just another evidence of the enormous levelling power of this great war."

The speaker expanded this point.

"So active and many-sided is the energy of the British woman of to-day that any woman who deliberately devotes herself to pleasure is almost ostracized socially. The question that the women of England are asking to-day is: What can I do? When no opportunity presents itself to them, they hustle out and create an opportunity to be useful. For example: During the last few weeks in England women collected one million eggs for the wounded soldiers. They didn't make it a matter of feminine or sentimental appeal. They took their automobiles or hired vehicles and made a house to house or farm to farm canvass."

And then because, being American, one is curious about the influence all this will have on us, I asked, "What lesson for America are you bringing back?"

He replied very earnestly, driving home the words with a peculiarly incisive gesture: "Speaking as an individual citizen whose unhappy privilege it has been to witness some of the frightful cost of unpreparedness for war, the big lesson as I see it for America, is a lesson on the enormous value of preparation—preparation for the kind of crisis that has plunged England into a life-and-death struggle for the maintenance of her very identity as a nation. Whether conscription established five or ten years before the war would have prevented this horrible conflict is purely academic speculation now. One thing, however, is certain: If England had prepared herself on land as she has so long been prepared on the seas, her cause to-day would be infinitely farther advanced. And the interesting thing about it is that the English people are not enough to admit the mistake they have made. This would be my message for our people on this side: Whatever toll preparedness has exacted from the United States, the price, even to the extent of such conscription as England is now tardily considering, is well worth paying."